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C O N F I D E N T I A L SARAJEVO 000206

SIPDIS

DEPARTMENT FOR EUR(JONES), EUR/SCE(FOOKS/MCGURE); NSC FOR  
HELGERSON/WILSON; OSD FOR BEIN

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SUBJECT: BOSNIA - SIA FILES CRIMINAL REPORT AGAINST DODIK  
AND ASSOCIAES

REF: SARAJEVO 87 AND PRIOR

Classified By: Ambassador Charles English. Reasons 1.4(b) and (d).

¶1. (C) The press reported on February 19 that the State Investigation and Protection Agency (SIPA) filed a criminal report with the State Prosecutor's Office that implicates Republika Srpska (RS) Prime Minister Milorad Dodik and several associates in corruption associated with RS government procurements. According to press reports, SIPA alleges that approximately 100 million USD was stolen. The SIPA report, which was not unexpected, could provide the basis for the State Prosecutor's Office to open a formal investigation into Dodik. Until this point, the State Prosecutor's Office has been conducting a preliminary investigation (Reftel).

¶2. (C) A contact at the State Prosecutor's Office confirmed that SIPA had completed its criminal report, and that the report alleged Dodik and 10-15 others had engaged in criminal activities associated with at least seven, possibly, eight different "procurement transactions." These included contracts associated with constructing and outfitting the RS government building in Banja Luka. According to several sources, the report was signed out of SIPA by Assistant Director and Head of the Criminal Investigation Division Dragan Lukac rather than by SIPA Director Mirko Lujic. Lukac was reportedly concerned that Lujic, a Serb, would have sat on the report rather than forward it to the State Prosecutor's Office. It is unclear who leaked the report, which was supposed to be confidential, but it was likely someone within SIPA. Dodik has not yet commented publicly on the report, but we were told that he has called Lujic to complain about it.

Next Steps

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¶3. (C) The State Prosecutor's Office must now review the report in order to determine whether a) there is no basis for opening an investigation or investigations; b) there is a basis for opening a formal investigation or investigations; or c) additional information is required from SIPA before making any decision. The State Prosecutor's Office may opt to open an investigation into one or all of the individuals named in the report, and progress in one investigation may prompt a decision to open additional investigations at a later date. The criminal activities being investigated are complex, so it will likely require several months before any indictments are filed, if they are filed. During this period, we anticipate additional requests from the State Prosecutor's Office for RS government documents, and perhaps,

for sworn statements from RS officials. Until the State  
Prosecutor's Office has had the opportunity to review the  
SIPA report, however, it is too early to assess how this will  
play out.

ENGLISH